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HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

GENERAL

1997

1. Moscow Initiates Economic Ties With Cuba: The Soviet-Cuban communiqué establishing close economic ties and calling for discussions of renewed diplomatic relations "at a convenient time" reveal a shift in Soviet attitude from the aloofness of the past year to active support of the Castro regime. The new relationship will be viewed with alarm by some Latin American states, which have been apprehensive of Cuban developments and of Communist influence in the Castro government.

The agreement to buy nearly 5,000,000 tons of sugar in the next five years means that Soviet purchases in Cuba will increase from an average of \$22,000,000 annually over the past five years--about 4 percent of Cuba's exports--to \$60,000,000 annually at current sugar prices. About half of the USSR's total sugar imports in the past few years have been purchased from Cuba; these have been paid for in cash. Between 1955 and 1958 Moscow's annual sugar imports from all sources have averaged 600,000 tons, and the USSR is attempting to increase supplies for its domestic market.

The barter provisions of the agreement--only 200,000 tons is to be paid for in cash each year--will require Cuba to make substantial purchases in the USSR. Cuban imports from the USSR heretofore have been negligible.

The \$100,000,000 economic aid credit, similar to that rejected by Mexico during Mikoyan's visit there in November, is the usual Soviet offer when no specific development program has yet been prepared. The long-range effect of such a credit would be further to support the growth of Cuba's trade with the bloc.

The USSR's expressed willingness to provide military aircraft "if requested" suggests that Mikoyan did not encourage Cuba to seek military items at this time. The Castro regime, however, probably pressured Moscow to offer military aircraft, which it has been unable to obtain from Western sources. Havana has publicly declared its intention to purchase aircraft from any country willing to sell them and has taken up a public subscription to finance such purchases. There may be a token delivery of military equipment by Czechoslovakia, which received a Cuban purchasing mission last fall.

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